

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6907

BILL NUMBER: HB 1811

NOTE PREPARED: Feb 24, 2003

BILL AMENDED: Feb 18, 2003

SUBJECT: Various Tax Matters.

FIRST AUTHOR: Rep. Crawford

FIRST SPONSOR: Sen. Borst

BILL STATUS: As Passed - House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill contains the following provisions:

- (1) It prohibits the assignment of the right to a refund of Sales Tax paid by a retail merchant for a sale related to an uncollectible account receivable.
- (2) It requires the filing of an amended Indiana return when modifications in a taxpayer's federal return results in a change in the taxpayer's adjusted gross income.
- (3) It eliminates a requirement that a withholding agent that makes electronic adjusted gross income deposits file a quarterly return.
- (4) It expands the penalties applicable to a person who does not register an aircraft and pay applicable gross retail taxes.
- (5) It eliminates the requirement that the Department of State Revenue collect vehicle identification information on a tax return.
- (6) It allows the Department of State Revenue to remove a person who is not liable for unpaid tax from an assessment notice.
- (7) It also indicates that the limitation period on the issuance of an assessment does not apply to an assessment reissued to the persons liable for the tax.
- (8) The bill repeals an obsolete law granting an expired Investment Credit and a criminal penalty for failure to provide motor vehicle information to the Department of State Revenue.

Effective Date: (Amended) July 1, 2003; July 1, 2004.

Explanation of State Expenditures: *Department of State Revenue:* It is presumed that the Department could absorb any additional costs associated with this proposal.

Explanation of State Revenues: (Revised) *Assignability of Sales Tax Deductions:* This provision is expected to remove the possibility that the state would be required to refund approximately \$4M to firms that have been assigned refunds for Sales Taxes paid. It should be noted that prior to a ruling by the state Tax Court on January 25, 2002, the Department of State Revenue did not allow the assignment of the right to a Sales Tax refund.

Background Information: Revenue from the state's 6% Sales Tax revenue is deposited in the Property Tax Replacement Fund (50%), the state General Fund (49.192%), the Public Mass Transportation Fund (0.635%), the Commuter Rail Service Fund (0.14%), and the Industrial Rail Service Loan Fund (0.033%).

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of State Revenue.

Local Agencies Affected:

Information Sources: Tom Conley, Department of State Revenue, 232-2107.

Fiscal Analyst: John Parkey, 317-232-9854; Diane Powers, 317-232-9853